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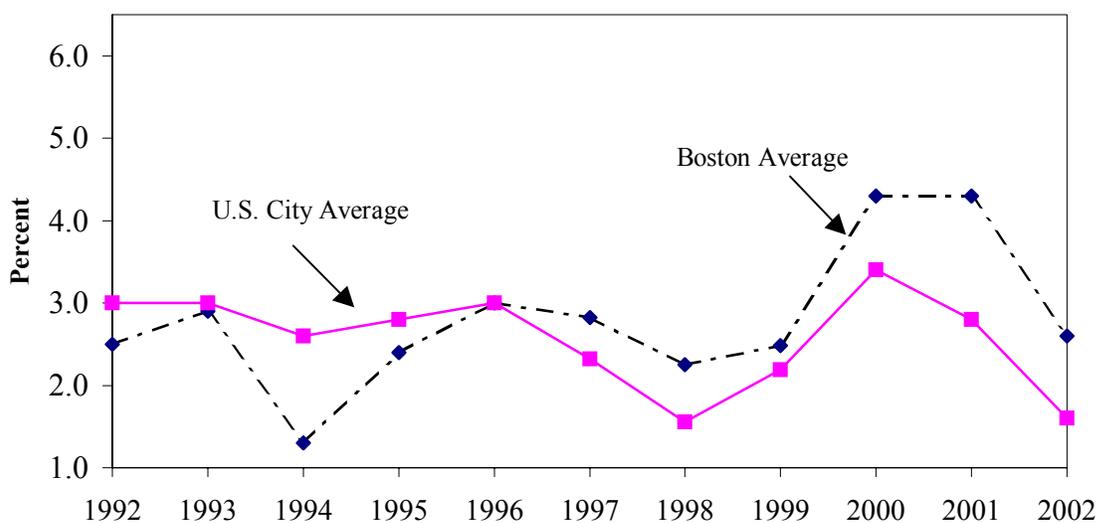
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BOSTON AREA CONSUMER PRICE INDEX ROSE 2.6 PERCENT IN 2002

The Consumer Price Index for All Urban Consumers (CPI-U) in the Boston metropolitan area increased 2.6 percent from 2001 to 2002, according to the U.S. Department of Labor's Bureau of Labor Statistics. Regional Commissioner Denis M. McSweeney noted that the annual rate of growth in 2002 decelerated 1.7 percentage points from the rate increase in 2001. The deceleration was broadly based as there were smaller increases (or larger declines) in all major categories of spending except recreation. In fact, deceleration would have been much stronger had not the shelter component of housing accelerated over the year—from 6.3 to 7.5 percent. The rising cost of shelter accounted for more than three fourths of the over-the-year increase in consumer prices. Overall, the impact of the 2.6 percent increase in the CPI-U for Boston brought the index level to 196.5, meaning that a market basket of consumer goods and services that cost \$100.00 in 1982-84 would cost \$196.50 in 2002. Nationally, the CPI-U for the U.S. City Average grew at a slower pace, 1.6 percent in 2002.

Annual average percent change in the Consumer Price Index for All Urban Consumers (CPI-U), Boston and U.S. City Average



In Boston, local energy costs dropped 11.3 percent in 2002, following increases of 9.1 percent in 2001 and 20.8 percent in 2000. Nationally, energy costs decreased less markedly,

down 5.9 percent in 2002. The index for food in Boston rose 1.6 percent following an increase of 4.1 percent in 2001. Excluding food and energy, the CPI-U for Boston rose 3.9 percent in 2002, roughly equal to the 4.0 percent increase in the prior year.

Locally, six of the eight major expenditure categories posted increases in 2002. The largest increases occurred in housing, up 4.7 percent, and medical care, up 4.1 percent. Nationally, housing increased a more moderate 2.2 percent but medical care rose at a higher rate, up 4.7 percent.

Technical Note

The Consumer Price Index (CPI) is a measure of the average change in prices over time in a market basket of goods and services. The Bureau of Labor Statistics publishes CPIs for two population groups: (1) a CPI for All Urban Consumers (CPI-U) which covers approximately 87 percent of the total population and (2) a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers 32 percent of the total population. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and other goods and services that people buy for day-to-day living. Prices are collected in 87 urban areas across the country from about 50,000 housing units and approximately 23,000 retail establishments—department stores, supermarkets, hospitals, filling stations, and other types of stores and service establishments. All taxes directly associated with the purchase and use of items are included in the index. Prices of fuels and a few other items are obtained every month in all 87 locations. Prices of most other commodities and services are collected every month in the three largest geographic areas and every other month in other areas. Prices of most goods and services are obtained by personal visits or telephone calls of the Bureau's trained representatives.

In calculating the index, price changes for the various items in each location are averaged together with weights, which represent their importance in the spending of the appropriate population group. Local data are then combined to obtain a U.S. city average. Separate indexes are also published by size of city, by region of the country, for cross-classifications of regions and population-size classes, and for 27 local areas. Area indexes do not measure differences in the level of prices among cities; they measure only the average change in prices for each area since the base period.

The index measures price change from a designed reference date-1982-84 which equals 100.0. An increase of 16.5 percent, for example, is shown as 116.5. This change can also be expressed in dollars as follows: the price of a base period market basket of goods and services in the CPI has risen from \$10 in 1982-84 to \$11.65.

For further details visit the CPI home page on the Internet at <http://www.bls.gov/cpi/> or contact the Boston Information Office at (617) 565-2327.

Table 1. Annual average percent changes in the Consumer Price Index for All Urban Consumers (CPI-U) for Boston-Brockton-Nashua, MA-NH-ME-CT and U.S. City Average

Expenditure category	Percent change from previous year			
	2001	2001	2002	2002
	Boston	U.S.	Boston	U.S.
All items	4.3	2.8	2.6	1.6
Food and beverages	3.9	3.1	1.8	1.8
Housing	6.5	4.0	4.7	2.2
Apparel	0.3	-1.8	-1.4	-2.6
Transportation	-0.1	0.7	-1.4	-0.9
Medical care	5.6	4.6	4.1	4.7
Recreation	1.3	1.5	1.4	1.2
Education and communication	3.9	2.6	0.1	2.6
Other goods and services	4.2	4.2	3.8	3.8
Special indexes:				
Food	4.1	3.2	1.6	1.8
Energy	9.1	3.8	-11.3	-5.9
All items less food and energy	4.0	2.6	3.9	2.4

NOTE: Local area indexes are byproducts of the national CPI program.

Each local index has a smaller sample size than that for the national index and is, therefore, subject to substantially more sampling and other measurement error. As a result, local area indexes show greater volatility than the national index, although their long-term trends are similar. Therefore, the Bureau of Labor Statistics strongly urges users to consider adopting the national average CPI for use in their escalation clauses.

Table 2. Consumer Price Index for All Urban Consumers (CPI-U) for Boston-Brockton-Nashua, MA-NH-ME-CT, by expenditure category (1982-1984=100, unless otherwise noted)

Expenditure category	Percent change from previous year					2002
						Annual
	1998	1999	2000	2001	2002	Average Index
All items	2.3	2.5	4.3	4.3	2.6	196.5
Food and beverages	3.4	2.9	2.5	3.9	1.8	184.8
Food	3.5	2.8	2.5	4.1	1.6	185.5
Food at home	3.4	2.1	2.2	3.4	1.3	177.9
Food away from home	4.3	3.5	3.4	5.1	1.7	198.4
Alcoholic beverages	1.6	3.8	2.2	0.8	3.7	180.5
Housing	2.0	2.7	5.5	6.5	4.7	200.3
Shelter	3.2	3.5	5.1	6.3	7.5	242.0
Rent of primary residence ¹	4.8	3.8	6.7	6.8	7.4	234.7
Owners' equivalent rent of primary residence ^{1 2}	3.3	3.6	5.0	7.0	8.3	250.3
Fuel and utilities	-5.5	-1.4	12.4	15.2	-11.6	134.3
Fuels	-5.5	-2.2	13.7	18.1	-14.7	114.7
Gas (piped) and electricity ¹	-3.2	-2.7	5.6	24.5	-16.5	134.1
Electricity ¹	-8.2	-1.5	1.2	19.1	-11.6	135.9
Utility natural gas service ¹	3.8	-4.4	12.6	32.1	-23.5	127.8
Household furnishings and operations	0.7	1.1	2.4	-0.1	-1.3	122.9
Apparel	2.2	-2.3	-2.8	0.3	-1.4	138.0
Transportation	-1.5	2.0	7.0	-0.1	-1.4	149.9
Private transportation	-2.3	1.7	7.5	-0.9	-1.4	148.5
Motor fuel	-14.9	7.2	33.3	-4.2	-7.4	117.5
Gasoline, all types	-14.8	7.3	33.3	-4.3	-7.5	115.9
Gasoline, unleaded regular ³	-16.0	8.3	35.0	-5.0	-7.1	114.0
Gasoline, unleaded midgrade ^{3 4}	-13.7	5.7	32.4	-3.7	-7.7	118.5
Gasoline, unleaded premium ³	-12.7	5.7	29.2	-2.8	-7.7	116.7
Medical care	7.1	5.2	5.6	5.6	4.1	383.4
Recreation ⁵	N/A	1.2	-1.0	1.3	1.4	106.9
Education and communication ⁵	N/A	1.2	1.4	3.9	0.1	107.0
Other goods and services	4.6	6.7	7.8	4.2	3.8	298.2

¹This index series was calculated using a Laspeyres estimator. All other item stratum index series converted to a geometric means estimator in January 1999.

² Index is on a November 1982=100 base.

³ Special index based on a substantially smaller sample.

⁴ Indexes on a December 1993=100 base.

⁵ Indexes on a December 1997=100 base.

N/A - Data not available.

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